

part 3015, subparts A through E of this title; and

(ii) Assurance statement or certification statement required under the Uniform Act as set forth in §1703.33(d). For pass-through-loans and pass-through-grants, the ultimate recipient of the proceeds of the RUS zero-interest loan or grant must sign the assurance statement that it will comply with the applicable provisions of the Uniform Act or sign a certification that the provisions of the Uniform Act will not apply to the rural development project which will be partially financed with the proceeds of RUS funds. If the borrower will not provide a pass-through-loan or pass-through-grant to another entity, the borrower must submit a completed assurance statement or certification regarding the applicable provisions of the Uniform Act, or have such an assurance statement on file at RUS;

(4) *Contingent certifications and disclosures.* As determined by the type and amount of requested funds, the application must include the following completed forms:

(i) For an application for a zero-interest loan in excess of \$150,000 or for an application for a grant in excess of \$100,000, a certification statement, "Certification Regarding Lobbying," and, if the borrower is engaged in lobbying activities described under §1703.33(h), a completed disclosure form, "Disclosure of Lobbying Activities"; and

(ii) For an application for a grant only, a completed certification form, "Certification Regarding Drug-Free Workplace Requirements (Grants)," Form AD-1049 as required in part 3017, subpart F of this title;

(5) *Other requirements.* The following:

(i) A section entitled "Selection Factors" as set forth in §1703.35;

(ii) A section entitled "Project Description" as set forth in §1703.36;

(iii) Except for applications for project feasibility studies, a section entitled "Environmental Impact of the Project" as set forth in §1703.37;

(iv) Monitoring plan. For a pass-through loan and/or grant, a copy of the Borrower's plan to monitor the loan and/or grant and ensure that the

requirements of this subpart are met; and

(v) Scope of work. For an application for a loan and/or grant, a proposed scope of work for the project.

(c) The Administrator may request additional information it considers relevant from the borrower.

(d) During the application review process, the borrower may change the amount of the zero-interest loan or grant funds requested or other portions of its application, only if approved by the Administrator. A borrower that changes its request from a grant to a zero-interest loan must submit information necessary for the Administrator to evaluate a loan proposal as set forth in this subsection, and submit a new board resolution requesting the loan.

(The information collection requirements contained in paragraph (b) of this section were approved by the Office of Management and Budget under control number 0572-0090)

[57 FR 44317, Sept. 25, 1992, as amended at 59 FR 11711, Mar. 14, 1994; 59 FR 38341, July 28, 1994]

§1703.35 Section of the application covering the selection factors.

The application must contain a section addressing the "selection factors" consisting of the following:

(a) "Nature of the project" (§1703.46(g)(1)), which includes any information considered appropriate including aspects of the project that may not be obvious to an outside observer;

(b) "Job creation project" (§1703.46(g)(2)), which includes any information that is not readily apparent concerning whether the project would directly create jobs in rural areas. The number of the jobs and the basis for the job projection should be included under "Number of long-term jobs";

(c) "Long-term improvements in economic development" (§1703.46(g)(3)), which addresses the extent to which the project will improve the productive potential of the labor force, industrial plant, infrastructure, natural resources and institutions by employing advanced technology, creating higher-skilled occupations, adding higher value to natural resources, creating jobs with higher-career potential, or is

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considered part of a knowledge intensive industry;

(d) “Diversifying the rural economy or alleviating underemployment” (§1703.46(g)(4)), which includes any information the borrower desires the Administrator to consider;

(e) “Supplemental funds” (§1703.46(h)(1)), which includes the name of each source and the respective amount of supplemental funds that was provided to the project within 6 months of submitting the application to RUS, and the amount that will be provided within two years of receiving RUS funds. Also indicate the nature and strength of the commitments to make these supplemental funds available, when these funds are expected to be disbursed, any special terms and conditions associated with the commitments, copies of the commitments, and, if established, the interest rate, term and deferment period on any loan for the project;

(f) “Economic conditions and job creation” (§1703.46(h)(2)), which includes:

(1) “Unemployment rates” (§1703.46(h)(2)(i)). List the county or counties in which the project will be located. It is not necessary to include the county, state or national unemployment rates. RUS obtains these rates from other Federal agencies;

(2) “Per capita personal income” (§1703.46(h)(2)(ii)). As with “Unemployment rates,” it is not necessary to include the county, state or national per capita personal income levels;

(3) “Change in population” (§1703.46(h)(2)(iii)). It is not necessary to include the county population levels;

(4) “Number of long-term jobs” (§1703.46(h)(2)(iv)). Include the number of long-term jobs that the project will directly create in rural areas and the total project cost;

(5) “Community-based economic development program” (§1703.46(h)(2)(v)). Explain if the project is part of a community-based economic development program; and

(6) “Plan for improving the marketable skills of people in rural areas” (§1703.46(h)(2)(vi)). Include information on any written plan for the project to provide opportunities or incentives to improve the marketable skills of rural

residents through training and/or education. For projects that consist of providing training or education, indicate how it will benefit rural residents;

(g) “Location” (§1703.46(h)(3)), which indicates whether or not the project will be located in a town and, if so, the name of the town;

(h) “Support for the program—cushion of credit payments” (§1703.46(h)(4)), which mentions any cushion of credits payments made recently in accounts at RUS;

(i) “Demonstration project” (§1703.46(h)(5)), which includes a discussion of any commitments from the owner(s) of the project to be a demonstration project and a copy of the written commitment;

(j) “Probability of success” (§1703.46(h)(6)), which includes:

(1) “Owners and management of the project” (§1703.46(h)(6)(i)) that discusses how the knowledge, experience, education and training of the proposed owners and management of the project increases the likelihood of long-term success; and

(2) “Ultimate recipient’s business plan” (§1703.46(h)(6)(ii)), that references an attached copy of the business plan.

(i) The plan should include:

(A) A description of the project;

(B) A description of the business, if applicable, its products and the prospects of the industry;

(C) What will be produced or accomplished;

(D) The area to be served;

(E) Any market research or marketing plan;

(F) Any operating plan;

(G) Total project costs and projected use of funds by purpose or category;

(H) A financial plan, including a feasibility study with projected balance sheets, income statements and cash flow statements;

(I) The source of supplemental funds, the nature and strength of commitments from other sources of financing, and the equity contribution;

(J) The proposed ownership and management of the project;

(K) A description of any coordination with a local, regional or state development organization; and

(L) Other relevant information.

(ii) The scope of the plan should reflect the amount requested in the application, the risks involved with developing and operating the project, and the overall cost of the project. The plan should describe any coordination with a local, regional or state development organization.

§ 1703.36 Section of the application covering the project description.

In general, this section should be more detailed the larger the project for which the borrower is requesting funding. The section of the application on the “project description” must include:

(a) A description of the proposed project including the nature of the project, the location of the project, organizations that will be involved in the project and the primary beneficiaries of the project. Also include in this subsection a statement describing whether the borrower has or will have a direct or indirect (through a subsidiary or affiliated organization) ownership or similar beneficial interest in the facilities to be constructed or in the entity that will occupy or utilize these facilities. In addition, explain whether it seems likely that the proposed project will be undertaken or completed in the absence of an RUS zero-interest loan or grant;

(b) A separate paragraph entitled “Uses of RUS Funds and Total Project Costs”, that includes a breakdown of the specific uses of RUS funds and a breakdown of the specific uses of all funds necessary to ensure completion of the project. Project costs should be limited to the amount to be spent over the 2-year period after receiving RUS funds;

(c) For a project that involves the establishment of a new venture, such as a rural business incubator or a similar start-up venture, a discussion of how the costs of establishing, organizing and arranging financing for the venture will be paid, how start-up costs incurred after the venture has been established will be paid, the expected sources of revenue necessary to sustain the project and revenue and expense projections for the first 3 years of the project;

(d) If the borrower will provide a pass-through-loan or pass-through-

grant to another entity, outline the terms and conditions that the borrower intends to place on the recipient of the RUS funds including the security arrangements and collateral on a zero-interest loan. The discussion of proposed security arrangements and collateral should reflect the amount requested in the application, the risks involved with developing and operating the project, and the overall cost of the project;

(e) For pass-through-loans and pass-through-grants, a description of the ultimate recipient, including the form of organization and ownership (i.e., corporation, nonprofit corporation, cooperative, partnership, sole proprietor), the owner(s) and the chief officers;

(f) If the project involves construction, a brief description of the construction necessary to make the project operational and the organization involved with the project that will be responsible for building the project facilities or having them built;

(g) A discussion of the manner in which the borrower intends to monitor the zero-interest loan and/or grant proceeds to ensure that they are used only for approved purposes; and

(h) If applicable, a discussion on any potential conflict of interest or the appearance of a conflict of interest, a clarification of any aspect of the project with respect to the restriction that it must not result primarily in the transfer of any existing employment or business activity from one area to another or a clarification of any aspect of the project with respect to limitations in §§ 1703.20 and 1703.21.

§ 1703.37 Section of the application covering the environmental impact of the project.

(a) For a proposed project that only involves internal modifications or equipment additions to buildings or other structures (for example; relocating interior walls or adding computer facilities) and/or external changes or additions to existing buildings, structures or facilities requiring physical disturbance of less than 0.4 hectare (0.99 acre), the environmental information normally required is: